



**4310-FB**

**DEPARTMENT OF THE INTERIOR**

**Bureau of Land Management**

**[LLNM006200 L99110000.EK0000 XXX L4053RV]**

**Notice of Crude Helium Auction and Sale for Fiscal Year 2019 Delivery**

**AGENCY:** Bureau of Land Management, Interior.

**ACTION:** Notice of auction and sale.

**SUMMARY:** The Secretary of the Interior (Secretary), through the Bureau of Land Management (BLM) New Mexico State Office, is issuing this Notice to conduct an auction and sale from the Federal Helium Program, administered by the BLM New Mexico, Amarillo Field Office. The Helium Stewardship Act of 2013 (HSA) requires the BLM to conduct an annual auction and sale of crude helium. Accordingly, the BLM will once again use the auction and sale process established in the *Federal Register* dated June 20, 2017, for a previous sale.

**DATES:** The schedule for the auction and sale process is:

**Helium Auction:**

August 31, 2018 – FY 2019 helium auction held in Amarillo, Texas

September 4, 2018 – FY 2019 helium auction results published on the BLM website

September 5, 2018 – Invoices for auction sent on or before this date; payments due 15 days from invoice

**Helium Sale:**

August 31, 2018 – Invitation for offers (IFO) posted for helium sale

September 4, 2018 – Bids due from IFO

September 4, 2018 – Award announcements published on the BLM website

September 5, 2018 – Invoices for sale sent on or before; payments due 15 days from invoice

**Helium Delivery:**

September 30, 2018 – Helium transferred to buyers' storage accounts

If payment is not received by September 20, 2018, volumes will be re-offered for sale to all over bidders, proportionally, on September 21, 2018. Subsequently, for these re-offered volumes to count toward October 1, 2018 allocation percentages, payment must be received by September 28, 2018.

**ADDRESSES:** The August 31, 2018, helium auction will be held in the main conference room of the Amarillo Field Office, 801 South Fillmore, Suite 500, Amarillo, TX 79101.

The BLM's Federal Helium Program HSA Implementation page website is located at <https://www.blm.gov/programs/energy-and-minerals/helium/federal-helium-operations>.

Questions related to the auction can be submitted by phone to the BLM at 806-356-1000.

**FOR FURTHER INFORMATION CONTACT:** Samuel R.M. Burton, Amarillo Field Manager, at telephone: 806-356-1000, email: [sburton@blm.gov](mailto:sburton@blm.gov). Persons who use a telecommunications device for the deaf (TDD) may call the Federal Relay Service (FRS) at 1-800-877-8339. The FRS is available 24 hours a day, 7 days a week, to leave a message. You will receive a reply during normal business hours.

**SUPPLEMENTARY INFORMATION**

**A. Purpose and Background:**

In October 2013, Congress passed the HSA, which requires the Department of the Interior, through the BLM Director, to offer for auction and sale annually a portion of the

helium reserves owned by the United States and stored underground at the Cliffside Gas Field near Amarillo, Texas.

On July 23, 2014, the BLM published a “Final Notice for Implementation of Helium Stewardship Act Sales and Auctions” in the *Federal Register* (79 FR 42808) (2014 Final Notice). The 2014 Final Notice contained information about the HSA, definitions of terms used in the Notice, the reasons for the action, and a process for conducting the auctions and sales in FY 2014.

On August 24, 2015, the BLM published a “Notice of Final Action: Crude Helium Sale and Auction for Fiscal Year 2016 Delivery” in the *Federal Register* (80 FR 51304) (2015 Final Notice). The 2015 Final Notice refined the process the BLM used in 2014 for conducting the auction and sale of crude helium. The BLM will use the process set forth in the 2015 Final Notice for the auction and sale of crude helium to occur in FY 2018 for FY 2019 delivery.

Both the 2014 and 2015 Final Notices are available from the BLM’s HSA Implementation Page website (see **ADDRESSES**). Search under the “Documents and Reports” link.

#### **B. Volumes Offered in the FY 2019 Helium Auction and Sale:**

Table 1 identifies the volumes to be offered for auction and sale in FY 2018 for FY 2019 delivery.

**Table 1.** Projected Volumes for Auction and Sales for FY 2019 Delivery

<b>Fiscal Year (FY)</b>	<b>Forecasted Production Capability (NITEC Study)</b>	<b>In-Kind Sales (Sales to Federal Users)</b>	<b>Total Remaining Production Available for Sale/ Auction or Delivery</b>	<b>Volume Available for Auction</b>	<b>Volume Available for Non-Allocated Sale</b>	<b>Volume Available for Sale</b>
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	<b>MMcf*</b>	<b>MMcf</b>	<b>MMcf</b>	<b>MMcf</b>	<b>MMcf</b>	<b>MMcf</b>
FY 2019	825	155	300***	210**	9	81

\* MMcf means one million cubic feet of gas measured at standard conditions of 14.65 per square inch atmosphere (psia) and 60 degrees Fahrenheit.

\*\* 70 percent of total production capacity after deducting in-kind (rounded).

\*\*\* Volumes offered fulfill the requirement of the HSA to reach Phase C.

## **C. FY 2019 Helium Auction**

**1.01 What is the minimum FY 2019 auction price and the FY 2019 sales price?** The minimum FY 2019 auction price is \$110 per Mcf (one thousand cubic feet of gas measured at standard conditions of 14.65 psia and 60 degrees Fahrenheit). The BLM will announce the FY 2019 sale price after the auction has concluded, and the BLM completes its analysis of the auction information. The BLM will use this information to publish the crude helium price for FY 2019.

**1.02 What will happen to the helium offered but not sold in the helium auction?** Any volume of helium offered, but not sold in the FY 2019 auction, will be added to the helium available for sale and will be offered in the FY 2019 sale.

**1.03 When will the auction and sale take place?** The BLM will offer helium for FY 2019 according to the following schedule:

### **Helium Auction:**

August 31, 2018 – FY 2019 helium auction held in Amarillo, Texas

September 4, 2018 – FY 2019 helium auction results published on the BLM website

September 5, 2018 – Invoices for auction sent on or before this date; payments due 15 days from invoice

### **Helium Sale:**

August 31, 2018 – Invitation for offers (IFO) posted for helium sale

September 4, 2018 – Bids due from IFO

September 4, 2018 – Award announcements published on the BLM website

September 5, 2018 – Invoices for sale sent on or before; payments due 15 days from invoice

### **Helium Transfer:**

September 30, 2018 – Helium transferred to buyers’ storage accounts (in accordance with Section 1.08)

If payment is not received by September 20, 2018, volumes will be re-offered for sale to all over-bidders, proportionally, on September 21, 2018. Subsequently, for these re-offered volumes to count toward October 1, 2018 allocation percentages, payment must be received by September 28, 2018.

**1.04 What is the auction format?** The auction will be a live auction, held in the main conference room of the Amarillo Field Office at 1:00 pm Central Time, on August 31, 2018. The address is 801 South Fillmore, Suite 500, Amarillo, TX 79101. Anyone meeting the HSA definition of a qualified bidder may participate in the auction. The logistics for the auction and the pre-bid qualification form is included in a document entitled, “FY 2019 Helium Auction Notice and Guide” on the BLM’s HSA Implementation Page website (see **ADDRESSES**). Click on the “Federal Register Notices” link.

**1.05 Who is qualified to purchase helium at the auction?** Only qualified bidders, as defined in 50 U.S.C. 167(9), may participate in and purchase helium at the auction. The BLM will make the final determination of who is a qualified bidder using the HSA’s definition of a qualified bidder, regardless of whether or not that person was previously determined to be a qualified bidder. Payment must be received not later than the close of business September 20, 2018.

**1.06 How many helium lots does the BLM anticipate offering at the FY 2019 auction?** The BLM anticipates auctioning 210 MMcf in a total of 12 lots for delivery in FY 2019. The lots would be divided as follows:

5 lots of 25 MMcf each; and

5 lots of 15 MMcf each; and

2 lots of 5 MMcf each

**1.07 What must I do to bid at auction?** The BLM has described the live auction procedures, including detailed bidding instructions and pre-bid registration requirements, in a document entitled, “FY 2019 Auction Notice and Guide,” which is available on the BLM’s HSA Implementation Page website (see **ADDRESSES**). Click on the “Federal Register Notices” link.

**1.08 When will helium that is purchased at sale or won at auction be available in the purchaser’s storage account?** The BLM will transfer the volumes purchased in the FY 2019 auction and sale to the buyer’s storage accounts on September 30, 2018.

#### **D. FY 2019 Helium Sale**

**2.01 Who will be allowed to purchase helium in the FY 2019 sale?** The crude helium sale will be separated into two distinct portions, a non-allocated portion and an allocated portion. The non-allocated portion will be ten percent of the total amount offered for sale for FY 2019, and will be available to those storage contract holders who do not have ability to accept delivery of crude helium from the Federal Helium Pipeline (as defined in 50 U.S.C. 167(2)) as of May 30, 2018. The allocated portion will be 90 percent of the total amount offered for sale for FY 2019, and will be available to any person (including individuals, corporations, partnerships, or other entities) with the ability to accept delivery of crude helium from the Federal Helium Pipeline (as defined in 50 U.S.C. 167(2)).

**2.02 How will helium sold in the FY 2019 sale be allocated among those participating in the non-allocated sale?** The non-allocated sale will be made available

to all qualified offerors not eligible to participate in the allocated sales. The minimum volume that can be requested is 1 MMcf. The total volume available for the non-allocated portion of the sale is 9 MMcf. Any volumes not sold at auction will be distributed between the non-allocated (10 percent) and the allocated sale (90 percent). Any volumes not purchased at the non-allocated sale will be sold in the allocated portion.

**2.03 How will the helium sold in the FY 2019 sale be allocated among the persons to accept delivery of crude helium from the Federal Helium Pipeline?** Any person wishing to participate in the allocated portion of the FY 2019 sale needs to report its excess refining capacity and operational capacity a minimum of 14 calendar days prior to the sale, using the Excess Refining Capacity form. The form can be downloaded from the BLM's HSA Implementation Page website (see **ADDRESSES**). Click on the links for "Crude Helium Auctions & Sales" and then "FY 2019 Refiner Estimated Excess Capacity." Each person participating in the sale will then be allocated a proportional share based upon that person's operational capacity.

**2.04 How does a person apply for access to the Federal Helium Pipeline for the purpose of taking crude helium?** The steps for taking crude helium are provided in the BLM's HSA Implementation Page website (see **ADDRESSES**). The steps are contained in a document entitled, "How to Establish a Storage Contract and Pipeline Connection Point." Click on the link for "Helium Storage." Reporting forms can be downloaded from the same website address, click on the link for "Documents and Reports." The forms show the requirements and due dates for each report. The length of time required to apply for and obtain access to the Federal Helium Pipeline can vary based on the person's plans for plant construction, pipeline metering installation, and other variables. The BLM is available to provide technical assistance, including contact information for



applying for access and meeting any applicable National Environmental Policy Act requirements.

#### **E. Delivery of Helium in FY 2019**

**3.01 When will I receive the helium that I purchase in a sale or win based on a successful auction bid?** Helium purchased at the FY 2019 sale or won at the FY 2019 auction will be delivered starting September 30, 2018, in accordance with the crude helium storage contract. The intent is to ensure delivery of all helium purchased at sale or auction up to the BLM's production capability for the year.

**3.02 How will the BLM prioritize delivery?** The HSA gives priority to Federal in-kind helium (i.e., helium sold to Federal users) (50 U.S.C. 167d(b)(1)(D)) and (b)(3)). After meeting that priority, the BLM will make delivery on a reasonable basis, as described in the crude helium storage contract, to ensure storage contract holders who have purchased or won helium at auction have the opportunity during the year to have that helium produced or refined in monthly increments.

#### **F. Background documents**

Supplementary documents referenced in this Notice are available at the BLM's HSA Implementation Page website (see **ADDRESSES**) and include the following documents:

- a. This Federal Register Notice for Fiscal year 2019 Delivery;
- b. The HSA (50 U.S.C. 167);
- c. FY 2019 Helium Auction Notice and Guide;
- d. 2016 Storage Contract (template for information only);
- e. Determination of Fair Market Value Pricing of Crude Helium;
- f. Storage Fees;
- g. Required Forms for Helium Reporting; and

- h. FY 2014 through FY 2018 Federal Register Notices for Helium Auctions and Sales.

(AUTHORITY: The HSA of 2013 (Pub. L. 113-40) codified to various sections in 50 U.S.C. 167-167q)

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